

ORIGINAL

NEW APPLICATION



0000118334

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

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2010 SEP 27 A 10:52

AZ CORP COMMISSION
DOCKET CONTROL

W-02192A-10-0395

APPLICATION OF LITTLE PARK WATER
COMPANY, INC., AN ARIZONA
CORPORATION, FOR AUTHORITY TO
INCUR LONG-TERM DEBT FROM
JPMORGAN CHASE & CO.

DOCKET NO. W-02192A-10-

FINANCING APPLICATION

LITTLE PARK WATER COMPANY, INC.

1. **Introduction.** As more fully set forth below, Little Park Water Company, Inc
("Little Park" or the "Company") hereby applies in accordance with A.R.S. § 40-301 *et. seq.*, for
authority to be obligated for up to \$140,000 in debt not previously approved by the Commission.

2. **Supporting Exhibits.** As more fully discussed below, Little Park provides the
following exhibits in support of its application:

- **Exhibit A** – Ineligibility Letter from WIFA.
- **Exhibit B** – Project Cost.
- **Exhibit C** – Balance Sheet as of July 31, 2010.
- **Exhibit D** – Income Statement from August 2009 through July 2010.
- **Exhibit E** – Financial Ratios.
- **Exhibit F** – Certificate of Resolution.
- **Exhibit G** – Form of Public Notice.

3. **Company Description.** Little Park is a public service corporation engaged in
providing water services in Yavapai County pursuant to a certificate of public convenience and
necessity granted by the Arizona Corporation Commission (the "Commission") to Little Park.
Little Park presently provides utility service to 72 water customers.

Arizona Corporation Commission

DOCKETED

SEP 27 2010

DOCKETED BY

nr

1 4. **Principal Office.** Little Park's principal business office is located at 45 Castle
2 Rock Road, Suite 4, Sedona, AZ 86351, and its telephone number is 928-284-1133.

3 5. **Authorized Representative.** The person authorized to receive notices and
4 communications regarding this application is:

5 Stevan Gudovic
6 President
7 Little Park Water Company
8 45 Castle Rock Rd., Ste. 4
9 Sedona, AZ 86351
10 Telephone: (928) 284-1133
11 Facsimile: (928) 284-1974
12 sgudovic@bigparkwater.com

13 **Please direct all discovery, data requests, and other requests for information concerning**
14 **this Application to Mr. Gudovic, with a copy to undersigned counsel for Little Park.**

15 6. **Description of Lender.** The JPMorgan Chase & Co. ("Chase") is a financial
16 institution in the State of Arizona and is willing to refinance the debt of Little Park for
17 construction of Arsenic Treatment Facilities.

18 7. **Purpose of Borrowing.** The purpose of this application is to request approval to
19 borrow \$140,000 in new long-term debt from Chase to refund short-term debt used to construct
20 Arsenic Treatment Facilities for Little Park's two treated wells (Well Nos. 1 and 2). These
21 facilities were funded by equity, a bridge loan from Big Park Water Company ("Big Park"), and
22 through Arsenic Impact Hook-up Fees previously approved by the Commission.

23 8. **Background.** On May 24, 2007, Little Park filed with the Commission an
24 Application for Extension of Certificate of Convenience and Necessity to provide water utility
25 service in Yavapai County, Arizona, to two new customers: Verde Valley School and Camp
26 Soaring Eagle. On March 20, 2008, the Commission issued an Order Preliminary to Little Park
27 for extension of its CC&N area. The Order Preliminary required Little Park to construct the
28 Arsenic Treatment Facilities for Little Park's two existing wells by June 30, 2009.

29 On June 3, 2008, the Commission approved a Line Extension Agreement ("LXA")
30 between Little Park and Camp Soaring Eagle. Among many other things, the Commission

1 approved an Arsenic Hook-up Fee to be paid by Camp Soaring Eagle to Little Park in the
2 amount of \$234,300. In 2009, Little Park renegotiated the LXA with Camp Soaring Eagle to
3 reduce the Arsenic Hook-up Fee to \$118,800 instead of the original agreed price of \$234,300, as
4 provided in the Addendum to the LXA dated March 18, 2009. On June 23, 2009, in Decision
5 No. 71172 the Commission approved the Addendum. The Order required Camp Soaring Eagle
6 to pay \$118,800 to Little Park by July 30, 2009, as their portion of the payment for arsenic
7 treatment facilities to serve the Camp.

8 On April 3, 2008, the Commission approved Little Park's LXA with the Verde Valley
9 School, including an Arsenic Hook-up Fee of \$68,000, which has been paid. With these funds,
10 together with a bridge loan from Big Park, Little Park was able to finance construction of the
11 required arsenic-treatment facilities, which were completed in March 2009.

12 Little Park expected to repay the bridge loan when it received the Arsenic Hook-up Fee
13 from Camp Soaring Eagle. Unfortunately, despite its diligent efforts, Little Park has been unable
14 to collect any funds from Camp Soaring Eagle. It is our understanding that the Camp Soaring
15 Eagle project has now been cancelled.

16 Because Camp Soaring Eagle did not fulfill its obligation under the LXA, Little Park
17 cannot repay its loan from Big Park. To obtain funds to repay the loan, Little Park filed an
18 application on August 19, 2010, with the Water Infrastructure Finance Authority ("WIFA") for a
19 loan. WIFA responded that it cannot finance existing projects for investor owned water systems
20 (**Exhibit A**). The only other alternative available was for Little Park to secure a commercial
21 loan.

22 9. **Project Cost.** **Exhibit B** is a summary of Little Park's project costs for the
23 Arsenic Treatment Facilities. Total project costs were \$267,091.11. Including the payment from
24 Verde Valley School, total hook-up fees collected equal \$85,853.42. Little Park will fund
25 \$41,237.69 of the project costs with owner's equity. This leaves \$140,000 to be financed by
26 Chase.

1 10. **Proposed Interest Rate.** Little Park expects to borrow these funds from Chase at
2 a rate of between 4% and 7%.

3 11. **Financing Term.** Little Park expects that the financing term will be seven years
4 with a 20-year amortization, with balloon payment at the end of the seventh year, and with the
5 right to renew the loan.

6 12. **Debt Security.** The proposed debt will be secured.

7 13. **Financing Costs.** There are no expected financing costs or issuance expenses.
8 No person is expected to receive any fees as a result of this transaction.

9 14. **Other Borrowing Terms.** Little Park will file a copy with Commission of all
10 executed documents associated with the authorized financing.

11 15. **Financial Statements.** **Exhibit C** is a copy of Little Park's balance sheet as of
12 July 31, 2010. **Exhibit D** is a copy of Little Park's income statement from August 2009 through
13 July 2010.

14 16. **DSC and TIER.** **Exhibit E** derives Little Park's Debt Service Coverage Ratio
15 ("DSC") and its Times Interest Earned Ratio ("TIER"). As of July 2010, Little Park's DSC was
16 1.03 and TIER were -8.73 (Earnings before interest and taxes was \$-21,281, interest was \$2,437
17 and depreciation and amortization expense was \$23,781). *Exhibit E* also includes *pro forma*
18 calculations of DSC and TIER as of July 2010. After giving effect to the recent rate increase
19 authorized by Decision No. 71840, and at an assumed interest rate of 7%, Little Park's DSC
20 would be 1.28 and TIER would be -0.73 (Earnings before interest and taxes would be -\$7,048,
21 interest would be \$9,694, and depreciation and amortization expense would be \$23,781).
22 At an assumed interest rate of 4%, Little Park's DSC would be 1.64 and TIER would be -1.28
23 (Earnings before interest and taxes would be -\$7,048, interest would be \$5,515, and depreciation
24 and amortization expense would be \$23,781).

25 Based on these ratios, Little Park should be able to adequately cover its expected debt
26 payments from operating cash flow until future rate cases allow the aforementioned investment
27 to be fully included in rate base. In addition, Big Park expects to reinstate its Arsenic Impact

1 Hook-up Fee, which will generate additional funds to repay principal and interest of the loan.
2 The amount of these funds on the annual basis is impossible to predict at this point of time
3 because it will depend on the recovery of the Yavapai County real estate market.

4 17. **Corporate Powers.** Exhibit F is a copy of a certificate of resolution by Little
5 Park's stockholders authorizing the proposed borrowing.

6 18. **Compliance.** The purpose of the Chase borrowing was to meet new EPA arsenic
7 requirements and to allow Little Park to comply with a Notice of Violation from the Arizona
8 Department of Environmental Quality concerning arsenic levels at Wells No. 1 and 2. As of
9 March 2009, both wells are equipped with arsenic treatment facilities. Little Park currently has
10 no outstanding compliance issues with the Commission, the Arizona Department of
11 Environmental Quality, or the Arizona Department of Water Resources.

12 19. **Compatibility.** The proposed transaction is needed to refinance the construction
13 cost of Arsenic Treatment Facilities. The new borrowing will be provided by Chase at
14 competitive rates and net of any underwriting costs or fees. Therefore, the requested financing
15 approval is compatible with

- 16 • the public interest;
- 17 • sound financial practices; and
- 18 • the proper performance by Little Park of service as a public service corporation (and
19 will not impair Little Park's ability to perform that service).

20 20. **Public Notice.** Exhibit G is a copy of the notice that Little Park intends to
21 publish in a newspaper of general circulation in its service areas. Little Park will file proof of
22 publication when it is available.

23 21. **Prompt Approval.** Because the long term debt is needed to refinance Arsenic
24 Treatment Facilities, Little Park requests prompt approval of this financing application.

25 22. **Requested Relief.** As more fully set forth in this Application, Little Park asks
26 that the Commission approve its request under A.R.S. § 40-301 *et. seq* to incur up to \$140,000 in
27 new long-term debt.

1 Respectfully submitted on September 27, 2010 by:

2 

3 Craig A. Marks
4 Craig A. Marks, PLC
5 10645 N. Tatum Blvd, Ste. 200-676
6 Phoenix, Arizona 85028
7 (480) 367-1956
8 Craig.Marks@azbar.org
9 Attorney for Little Park Water Company
10
11
12

13 **Original** and 13 copies filed
14 on September 27, 2010, with:

15
16 Docket Control
17 Arizona Corporation Commission
18 1200 West Washington
19 Phoenix, Arizona 85007
20

21
22 By:


23 
Craig A. Marks

Exhibit A

JANICE K. BREWER
Governor



SANDRA SUTTON
Interim Executive Director

Water Infrastructure Finance Authority of Arizona
BENJAMIN H. GRUMBLES
Chairman

September 8, 2010

Nicholas Gudovic
Little Park Water Company
45 Castle Rock Rd. #4
Sedona, AZ 86351

Dear Mr. Gudovic,

The Water Infrastructure Finance Authority (WIFA) regrets to inform you that your application (DW-035-2011) to refinance a previous loan is not eligible for WIFA funding. As established in 40 Code of Federal Regulations § 35.3525(c)(1), "A state may buy or refinance local debt obligations of municipal, intermunicipal, or interstate agencies where the debt obligation was incurred and the project was initiated after July 1, 1993. Projects must have met the eligibility requirements under section 1452 of the Act and this subpart to be eligible for refinancing. Privately-owned systems are not eligible for refinancing."

The other expenses in your application for future capital improvements are eligible for WIFA financing if you choose to proceed with these projects. As discussed by phone, WIFA will retain your application in the e-application system unless otherwise notified.

Sincerely,

A handwritten signature in black ink, appearing to read "S Sutton", written over a horizontal line.

Sandra Sutton
Interim Executive Director

Exhibit B

**Little Park Water Company
Arsenic Expenses**

Existing

| | |
|-------------------------|----------------------|
| Well #1 | \$ 128,661.62 |
| Well #2 | \$ 135,897.82 |
| Capitalize LOC Interest | <u>\$ 2,531.67</u> |
| Total Expenses Incurred | <u>\$ 267,091.11</u> |

| | |
|-------------------------------|-----------------------------|
| Collected per Tariff | <u>\$ 85,853.42</u> |
| Financed with Short Term Debt | <u><u>\$ 181,237.69</u></u> |

Proposed

| | |
|------------------------------------|-----------------------------|
| To be financed with Long Term Debt | \$ 140,000.00 |
| To be Financed with Owner's Equity | <u>\$ 41,237.69</u> |
| | <u><u>\$ 181,237.69</u></u> |

Exhibit C

Little Park Water Company
Pro Forma* Balance Sheet
As of July 31, 2010

| | <u>Jul 31, 10</u> |
|---|---------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| 131-10 · Cash Chase Bank-LPW | 4,394.76 |
| 131-70 · CB Arsenic Impact Fee Deposits | 237.15 |
| Total Checking/Savings | <u>4,631.91</u> |
| Accounts Receivable | |
| 11000 · Accounts Receivable | 8,889.28 |
| Total Accounts Receivable | <u>8,889.28</u> |
| Other Current Assets | |
| 141-00 · Accounts Receivable - Customers | 5,740.11 |
| 162-50 · Prepaid Taxes | 300.00 |
| Total Other Current Assets | <u>6,040.11</u> |
| Total Current Assets | 19,561.30 |
| Fixed Assets | |
| 105-00 · Construction Work in Progress | |
| 105-81 · Well #1 Upgrade | 11,276.96 |
| 105-78 · Camp Soaring Eagle | 3,936.16 |
| 105-02 · CWIP - Well #2 Upgrade | 17.98 |
| Total 105-00 · Construction Work in Progress | <u>15,231.10</u> |
| 300-00 · Plant in Service | |
| 348-00 · Francisces | 140.00 |
| 348-00 · Other Tangible Plant | 7,275.00 |
| 320-00 · Water Treatment Equipment | 264,559.00 |
| 339-00 · Other Plant & Misc Equipment | 1,662.00 |
| 303-00 · Land and Land Rights | 6,094.11 |
| 304-00 · Structures & Improvements | 27,249.00 |
| 307-00 · Wells and Springs | 28,503.00 |
| 311-00 · Pumping Equipment | 39,050.00 |
| 330-00 · Distribution Reserviors | 20,898.00 |
| 331-00 · Trans & Distribution Mains | 661,923.00 |
| 333-00 · Services | 98,353.06 |
| 334-00 · Meters & Meter Installations | 32,908.00 |
| 335-00 · Hydrants | 52,386.00 |
| Total 300-00 · Plant in Service | <u>1,241,000.17</u> |
| 108-10 · Accumulated Depreciation | <u>-261,905.00</u> |

Jul 31, 10

| | |
|--------------------|------------|
| Total Fixed Assets | 994,326.27 |
|--------------------|------------|

Other Assets

| | |
|--|-----------|
| 103-00 · Prop Future Use - Nemeth Well | 5,645.31 |
| 121-01 · Plant Acquisition Adj | 336.35 |
| 121-02 · CC&N Expansion | 12,641.62 |

| | |
|--------------------|-----------|
| Total Other Assets | 18,623.28 |
|--------------------|-----------|

| | |
|--------------|--------------|
| TOTAL ASSETS | 1,032,510.85 |
|--------------|--------------|

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

| | |
|---------------------------|--------|
| 231-00 · Accounts Payable | 176.58 |
|---------------------------|--------|

| | |
|------------------------|--------|
| Total Accounts Payable | 176.58 |
|------------------------|--------|

Other Current Liabilities

| | |
|---|------------|
| 251-00 · Short Term Bridge Loan from BPWC for Arsenic Remediation Expense | 117,642.00 |
|---|------------|

| | |
|----------------------------|-----------|
| 234-00 · Advances from BPW | 31,148.73 |
|----------------------------|-----------|

| | |
|-------------------------------------|-------|
| 235-00 · Customer Security Deposits | 65.00 |
|-------------------------------------|-------|

| | |
|---------------------------------|--------|
| 236-10 · Accrued Property Taxes | 806.40 |
|---------------------------------|--------|

| | |
|----------------------------------|--------|
| 236-20 · Accrued Sales Tax - LPW | 638.47 |
|----------------------------------|--------|

| | |
|--------------------------|--------|
| 241-20 · AIAOC - Current | 300.00 |
|--------------------------|--------|

| | |
|---------------------------------|------------|
| Total Other Current Liabilities | 150,600.60 |
|---------------------------------|------------|

| | |
|---------------------------|------------|
| Total Current Liabilities | 150,777.18 |
|---------------------------|------------|

Long Term Liabilities

| | |
|--|------------|
| 252-00 · Advances in Aid of Construction | 670,997.00 |
|--|------------|

| | |
|----------------------------------|----------|
| 252-10 · Customer Meter Deposits | 7,413.00 |
|----------------------------------|----------|

| | |
|--|-----------|
| 271-00 · Contributions in Aid of Constr. | |
| 271-10 · CIAOC | 71,482.55 |

| | |
|-------------------------------------|-----------|
| 271-20 · CIAOC - Arsenic Impact Fee | 85,800.00 |
|-------------------------------------|-----------|

| | |
|--------------------------------|------------|
| 272-00 · Accum. Amort of CIAOC | -24,206.00 |
|--------------------------------|------------|

| | |
|--|------------|
| Total 271-00 · Contributions in Aid of Constr. | 133,076.55 |
|--|------------|

| | |
|-----------------------------|------------|
| Total Long Term Liabilities | 811,486.55 |
|-----------------------------|------------|

| | |
|-------------------|------------|
| Total Liabilities | 962,263.73 |
|-------------------|------------|

Equity

| | |
|-----------------------|-----------|
| 201-00 · Common Stock | 10,000.00 |
|-----------------------|-----------|

| | |
|-------------------------------------|------------|
| 211-00 · Additional Paid In Capital | 186,319.21 |
|-------------------------------------|------------|

| | |
|----------------------------|-------------|
| 215-00 · Retained Earnings | -122,129.78 |
|----------------------------|-------------|

| | |
|------------|-----------|
| Net Income | -3,942.31 |
|------------|-----------|

Total Equity

Jul 31, 10

70,247.12

TOTAL LIABILITIES & EQUITY

1,032,510.85

* Balance Sheet reflects Little Park Water rate adjustment as approved by Commission to become affective August 1, 2010 in Decision #71840

Exhibit D

Little Park Water Company
Pro Forma* Profit & Loss
 August 2009 through July 2010

| | <u>Aug '09 - Jul 10</u> |
|---|-------------------------|
| Ordinary Income/Expense | |
| Income | |
| 461-00 · Metered Water Sales | |
| 461-50 · Commercial Sales Tax | 1,500.13 |
| 461-20 · Commercial Revenue | 20,409.93 |
| 461-10 · Residential Water Sales | 55,520.08 |
| 461-40 · Residential Sales Tax | 4,080.73 |
| 461-70 · Sales Tax Expense | -5,580.85 |
| Total 461-00 · Metered Water Sales | <u>75,930.02</u> |
| Total Income | 75,930.02 |
| Expense | |
| 186-00 · Deferred Rate Case Expense | 1,881.60 |
| 601-00 · Salaries & Wages | 9,256.51 |
| 610-00 · Purchased Water | 1,200.00 |
| 615-00 · Purchased Power | 12,808.82 |
| 620-00 · Repairs & Maintenance | |
| 620-05 · O&M Arsenic LPWC | 4,980.24 |
| 620-00 · Repairs & Maintenance - Other | 7,479.87 |
| Total 620-00 · Repairs & Maintenance | <u>12,460.11</u> |
| 621-00 · Office Supplies & Expense | |
| 621-02 · Bank Service Charges | 125.00 |
| 621-01 · Postage | 691.39 |
| 621-03 · Merchant CC | 454.00 |
| 621-00 · Office Supplies & Expense - Other | 1,524.91 |
| Total 621-00 · Office Supplies & Expense | <u>2,795.30</u> |
| 630-00 · Outside Services | |
| 630-10 · Engineering Services | 4,898.25 |
| 630-20 · Accounting Services | 2,733.00 |
| 630-30 · Legal Services | 6,047.27 |
| Total 630-00 · Outside Services | <u>13,678.52</u> |
| 635-00 · Water Testing | 840.27 |
| 657-00 · Insurance - General Liability | 996.91 |
| 666-00 · Rate Case Expense | 5,347.10 |
| 675-00 · Miscellaneous Expenses | |
| 675-04 · Billable Overhead | -36.49 |
| 675-01 · ACC Expense | 126.00 |
| 675-12 · Other Expenses | 94.02 |

| | <u>Aug '09 - Jul 10</u> |
|---|-------------------------|
| 675-00 · Miscellaneous Expenses - Other | <u>288.00</u> |
| Total 675-00 · Miscellaneous Expenses | <u>471.53</u> |
| 403-00 · Depreciation Expense | 23,208.00 |
| 408-11 · Property Tax | <u>538.31</u> |
| Total Expense | <u>85,482.98</u> |
| Net Ordinary Income | -9,552.96 |
| Other Income/Expense | |
| Other Income | |
| 419-00 · Interest Income | 4,665.03 |
| 421-10 · AFUDC | <u>202.68</u> |
| Total Other Income | <u>4,867.71</u> |
| Other Expense | |
| 427-00 · Interest Expense | <u>2,362.44</u> |
| Total Other Expense | <u>2,362.44</u> |
| Net Other Income | <u>2,505.27</u> |
| Net Income | <u><u>-7,047.69</u></u> |

* Profit & Loss reflects Little Park Water rate adjustment as approved by Commission to become affective August 1, 2010 in Decision #71840

Exhibit E

FINANCIAL ANALYSIS

| | (A) ¹ <u>7/31/2010</u> | | (B) ² <u>Pro Forma</u> | | (C) ³ <u>Pro Forma</u> | |
|---|--------------------------------------|-------|--------------------------------------|-------|--------------------------------------|-------|
| 1 Net Ordinary Income | (21,281) | | (7,048) | | (7,048) | |
| 2 Depreciation & Amort. | 23,781 | | 23,781 | | 23,781 | |
| 3 Income Tax Expense | - | | - | | - | |
| 4 | | | | | | |
| 5 Interest Expense | 2,437 | | 9,694 | | 5,515 | |
| 6 Repayment of Principal | - | | 3,331 | | 4,665 | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 TIER | | | | | | |
| 10 (1+3) / (5) | (8.73) | | (0.73) | | (1.28) | |
| 11 | | | | | | |
| 12 DSC | | | | | | |
| 13 (1+2+3) / (5+6) | 1.03 | | 1.28 | | 1.64 | |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 Capital Structure | | | | | | |
| 19 | | | | | | |
| 20 Short Term Debt | 117,642 | 4% | 3,331 ⁴ | 1.6% | 4,665 ⁴ | 2.2% |
| 21 | | | | | | |
| 22 Long Term Debt | - | - | 136,669 | 65.0% | 135,335 | 64.4% |
| 23 | | | | | | |
| 24 Common Equity | 45,936 | 95% | 70,247 | 33.4% | 70,247 | 33.4% |
| 25 | | | | | | |
| 26 Total Capital | 163,578 | 100% | 210,247 | 100% | 210,247 | 100% |
| 27 | | | | | | |
| 28 | | | | | | |
| 29 Capital Structure (inclusive of AIAC and Net CIA) | | | | | | |
| 30 | | | | | | |
| 31 Short Term Debt | 117,642 | 12.2% | 3,331 ⁴ | 0.3% | 4,665 ⁴ | 0.5% |
| 32 | | | | | | |
| 33 Long Term Debt | - | | 136,669 | 13.5% | 135,335 | 13.3% |
| 34 | | | | | | |
| 35 Common Equity | 45,936 | 4.7% | 70,247 | 6.9% | 70,247 | 6.9% |
| 36 | | | | | | |
| 37 Advances in Aid of Construction ("AIAC") | 670,997 | 69.3% | 670,997 | 66.2% | 670,997 | 66.2% |
| 38 | | | | | | |
| 39 Contributions in Aid of Construction ("CIAC")⁵ | 133,077 | 13.8% | 133,077 | 13.1% | 133,077 | 13.1% |
| 40 | | | | | | |
| 41 Total Capital (Inclusive of AIAC and CIAC) | 967,652 | 100% | 1,014,321 | 100% | 1,014,321 | 100% |
| 42 | | | | | | |
| 43 | | | | | | |
| 44 | | | | | | |
| 45 | | | | | | |
| 46 | | | | | | |

¹Column (A) is based on the Company's Financial Statements for the 12 month period ending July 31, 2010

²Column (B) is Column (A) modified to reflect issuance of the proposed \$140,000 debt financing amortized for 20 years at 7% as well as the rate adjustment as approved by the Commission to become effective August 1, 2010 in Decision 71840.

³Column (C) is Column (A) modified to reflect issuance of the proposed \$140,000 debt financing amortized for 20 years at 4% as well as the rate adjustment as approved by the Commission to become effective August 1, 2010 in Decision 71840.

⁴Pro Forma Short-term Debt Represents the annual principal portion of the proposed loan

⁵Net CIAC balance (i.e. less: amortization of contributions).

Exhibit F

Borrowing Resolution of Little Park Water Company

Date: 9/27/10

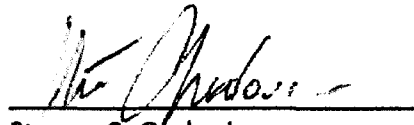
THIS IS TO CERTIFY that the undersigned stockholders of Little Park Water Company, an Arizona Corporation ("Company") duly organized and existing under the laws of the State of Arizona, hereby adopt the following Resolution and certify that the same have not been altered, amended or revoked.

RESOLVED THAT Company is hereby authorized and empowered to enter into a loan transaction with JPMorgan Chase & Co. ("Lender") and borrow pursuant thereto, on behalf of, and in the name of, Company from Lender such sums of money not exceeding in the aggregate at any one time the principal sum of One Hundred Forty Thousand Dollars (\$140,000).

RESOLVED FURTHER, that for action of the Lender in reliance thereon, the Company certifies and delivers to the said Lender a copy of these Resolutions, and that these Resolutions shall remain in full force and effect until written notice of their repeal shall have been received by Lender and until all indebtedness which may have been incurred as aforesaid shall have been paid and satisfied.

WE FURTHER CERTIFY that the authority conferred is not inconsistent with the Laws of the State of Arizona or the Company's Articles of Incorporation.

IN WITNESS WHEREOF, the stockholders of Company have hereunto set their hands officially this 27 day of SEPTEMBER 2010.


Stevan S. Gudovic
For Big Park Water Company as a parent Company

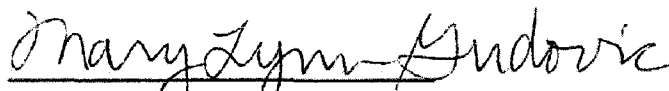

Mary Lynn Gudovic
For Big Park Water Company as a parent Company

Exhibit G

Public Notice of An Application for an Order

Authorizing the issuance of \$140,000 long term debt by Little Park Water Company ("LPWC").

LPWC ("Company") filed an Application on September __, 2010 with the Arizona Corporation Commission ("Commission") for an order authorizing Applicant to issue \$140,000 of long term debt in order to finance the construction of water system facilities. The Application is available for inspection during regular business hours at the offices of the Commission in Phoenix, Arizona and the Company's offices at 45 Castle Rock Road, #4, Sedona, Arizona 86351. The Application has been assigned Docket No. _____.

Intervention in the Commission's proceedings on the Application shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in this matter. Persons desiring to intervene must file a Motion to Intervene with the Commission which must be served upon the Company and which, at a minimum, shall contain the following information:

1. The name, address and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding.
3. Whether the proposed intervenor desires a formal evidentiary hearing on the application and the reasons for such a hearing.
4. A statement certifying that a copy of the Motion to Intervene has been mailed to Applicant.

The granting of Motions to Intervene shall be governed by A.A.C. R-14-3-105, except that all Motions to Intervene must be filed on or before the 15th day after this notice.